# Agenda Item: 13-07 Request for Approval to Convert Orange Water and Sewer Authority's Jordan Lake Water Supply Storage Allocation from a Level II to Level I Background and Staff Recommendation

## **Explanation:**

**Background**: The Orange Water and Sewer Authority (OWASA) sent a letter dated December 21, 2012 requesting to convert their Level II Jordan Lake water supply storage to a Level I. Level I allocations are made based on 20-year projections and when withdrawals are planned to begin within five years of receiving the allocation. Level II allocations are made based on longer term needs of up to 30 years. Level I allocations represent a more imminent plan to use water. Level II allocations are more of a reservation to potentially use the water sometime in the future.

OWASA currently has an allocation of five percent of the total water supply, which has an estimated yield of five million gallons a day. OWASA first received a 10 percent allocation in 1988, as part of the original water supply allocations. As part of the review for the Round 3 allocations, OWASA's allocation was reduced to five percent in 2002.

Jordan Lake is an important part of OWASA's long-range drought management strategy. OWASA needs to convert to a Level I allocation to be able to modify their existing interlocal agreements with Durham and Cary to be able to access Jordan Lake water during droughts.

Although OWASA has formally requested this change in their allocation, it should be noted that some local leaders oppose the conversion to a Level I allocation for various reasons, including:

- Water Quality Although Jordan Lake continues to meet all public health-related state and federal drinking water supply water quality standards and regulations, there remains a perception by some that Jordan Lake drinking water quality would present a risk to public health.
- Local Growth Management Local policies and regulations governing growth and development in OWASA's service area re controlled by Carrboro, Chapel Hill, and Orange County<sup>1</sup> – not OWASA. However, some believe that OWASA's access to supplemental water from Jordan Lake will lead to unwanted growth and development.

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Orange Water and Sewer Authority (OWASA) is a public, non-profit agency that provides water, sewer, and reclaimed water services to the University of North Carolina at Chapel Hill (UNC) and UNC Healthcare, the towns of Chapel Hill and Carrboro, and portions of Orange County. OWASA is governed by a nine-member Board of Directors. Five are appointed by the Chapel Hill Town Council, two by the Carrboro Board of Aldermen, and two by the Orange County Board of Commissioners.

• Loss of Local Conservation Ethic – Despite OWASA's stated intent to continue its aggressive conservation ethic; some believe that access to supplemental water from Jordan Lake will diminish the motivation for ongoing conservation and water use efficiency.

## **Environmental Management Commission's (EMC) Role**

Jordan Lake is unique in that it is the only reservoir where the state controls the water supply storage. The EMC is assigned the responsibility to allocate the water to local governments based on N.C. Administrative Code Section T15A:02G.0500 Allocation of Jordan Lake Water Supply Storage.

When holders of Level II allocations have documented an immediate need and wish to commence withdrawals within five years, their Level II allocations will be changed to Level I upon review and approval by the Commission.

North Carolina has a loan from the federal government for our share of the costs associated with the construction and operating cost of Jordan Lake. When a local government receives an allocation they reimburse the state their prorated share of the costs. When the administrative rules were enacted in 1988, the intent of Level I and Level II were to allow local governments the ability to defer part of the costs until they are ready to start using their allocations. Level I allocation holders pay their share of the state's capital, interest, and operating costs. Level II allocation holders pay their share of the interest and operating costs.

There has been some confusion with the OWASA board and some of their members about the allocation process and the purpose of Level I and Level II allocations. Division staff, during the past year, has met several times with the OWASA board and other groups to explain the allocation process and guidelines.

### **Recommendation:**

The EMC in 2002 approved a 5 percent allocation to meet OWASA's long-term water needs. After reviewing OWASA's request, DWR staff recommends approval of converting OWASA's existing Level II Jordan Lake water supply storage allocation to Level I.

#### **Attachments:**

- 1. Orange Water and Sewer Authority's Letter: December 21, 2012
- 2. N. C. Administrative Code Section T15A:02G.0500: Allocation of Jordan Lake Water Supply Storage